

existing at the time the loan was made, and provided further the department shall not reimburse for interest and finance charges any amount in excess of the prime rate current at the time the loan was obtained.

7. Income from a provider's qualified retirement fund shall be excluded in consideration of the per-diem rate.

8. A provider shall amortize finance charges, prepaid interest and discount over the period of the loan ratably or by means of the constant rate of interest method on the unpaid balance.

9. Usual and customary costs excluding finder's fees incurred to obtain loans shall be treated as interest expense and shall be allowable costs over the loan period ratably or by means of the constant interest applied method.

10. Usual and customary costs shall be limited to the lender's title and recording fees, appraisal fees, legal fees, escrow fees and closing costs.

11. Interest expense resulting from capital expenditures for building construction or for renovation costs which are in excess of one hundred fifty thousand dollars (\$150,000) and which cause an increase in a bed capacity by the provider shall not be an allowable cost item if such expenditure fails to comply with other federal or state requirements that promulgate a limitation on reimbursement for capital expenditures, such as Certificate of Need.

(D) Rental and Leases

1. Rental and leases of land, buildings, furnishings and equipment are allowable cost areas provided that the rented items are necessary and not in essence a purchase of those assets. Finder's fees are not an allowable cost item.

2. Necessary rental and lease items are those which are pertinent to the economical operation of the provider.

3. In the case of related parties, rental and lease amounts cannot exceed the lesser of those which are actually paid or the costs to the related party.

4. Determination of reasonable and adequate reimbursement for rental and lease amounts, except in the case of related parties which is subject to other provisions of this plan, may require affidavits of competent, impartial experts who are familiar with the current rentals and leases.

5. The test of necessary costs shall take into account the agreement between the owner and the tenant regarding the payment of related property costs.

6. Leases subject to Certificate of Need approval must have that approval before a rate is determined.

(E) Taxes. Taxes levied on or incurred by providers shall be allowable cost areas with the exceptions of the following items:

1. Federal, state or local income and excess profit taxes including any interest and penalties paid;
2. Taxes in connection with financing, refinancing or refunding operations such as taxes on the issuance of bond, property transfer, issuance or transfer of stocks;
3. Taxes for which exemptions are available to the provider;
4. Special assessments on land which represent capital improvements. These costs shall be capitalized and depreciated over the period during which the assessment is scheduled to be paid;
5. Taxes on property which is not a part of the operation of the provider; and
6. Taxes which are levied against a resident and collected and remitted by the provider.

(F) Value of Services of Employees

1. Except as provided for in this rule, the value of services performed by employees in the facility shall be included as an allowable cost area to the extent actually compensated, either to the employee or to the supplying organization.
2. Services rendered by volunteers such as those affiliated with the American Red Cross, hospital guilds, auxiliaries, private individuals and similar organizations shall not be included as an allowable cost area, as the services have traditionally been rendered on a purely volunteer basis without expectation of any form of reimbursement by the organization through which the service is rendered or by the person rendering the service.
3. Services by priests, ministers, rabbis and similar type professionals shall be an allowable cost area, provided that the services are not of a religious nature. An example of an allowable cost area under this section would be a necessary administrative function performed by a clergyman. The state will not recognize building costs on space set aside primarily for professionals providing any religious function. Costs for wardrobe and similar items likewise are considered nonallowable.

(G) Fringe Benefits

1. Life Insurance.
2. Retirement Plans. Contributions to qualified, as defined by the Internal Revenue Services, retirement plans for the benefit of employees of the provider shall be allowable cost areas.

(H) Education and Training Expenses

9/22/93

ATT. 4-19D
PAGE 129

1. The cost of training which directly benefits the quality of health care or administration at the facility shall be allowable.

2. Cost of education and training shall include travel costs incidental thereto but will not include leaves of absence or sabbaticals.

(I) Advertising Costs. Advertising costs which are reasonable, appropriate and helpful in developing, maintaining and furnishing services shall be an allowable cost area. The costs must be common and accepted occurrence in the field of the activity of the provider.

(J) Central Office and State Central Service Costs: Costs which are appropriately distributed to the provider as direct costs, properly allocated to the provider, or allocated in accordance with approved cost allocation plans when such plans are required, shall be allowable.

(K) Utilization Review. Incurred cost for the performance of required utilization review for ICF/MR is an allowable cost area. The expenditures must be for the purpose of providing utilization review on behalf of Title XIX recipients. Utilization review costs incurred for Title XVIII and XIX must be apportioned on the basis of reimbursable recipient days recorded for each program during the reporting period.

(L) Minimum Utilization. In the event the occupancy utilization of a provider is below ninety percent (90%) of its certified bed capacity, appropriate adjustments shall be made to the allowable cost areas of the provider. Fixed costs will be calculated as if the provider experienced ninety percent (90%) utilization. The fixed costs are: laundry, housekeeping, general and administrative and plant operation costs. Variable costs will be calculated at actual utilization. The variable costs are: nursing, dietary and ancillary costs. In no case may costs disallowed under this provision be carried forward to succeeding periods.

(M) Non-reimbursable Costs

1. Bad debts, charity and courtesy allowances are deductions from revenue and are not to be included as allowable costs.

2. Those services that are specifically provided by Medicare and Medicaid must be billed to those agencies.

3. Any costs incurred that are related to fund drives are not reimbursable.

4. Costs incurred for research purposes shall not

State Plan MS # _____ Effective Date JUN 07 1993
Supersedes MS # _____ Approval Date NOV 29 1993

9/22/93

ATT. 4-19D
PAGE 129A

be included as allowable costs.

5. The cost of services provided under the Title XX program, by contract or subcontract is specifically excluded as an allowable item.

(N) Other Revenues. Other revenues, including those listed that follow will be deducted from the total allowable cost, and must be shown separately in the cost report by use of a separate schedule if included in the gross revenue; income from telephone services; sale of employee and guest meals; sale of medi-

JUN 07 1993

NOV 29 1993

cal abstracts; sale of scrap and waste food or materials; rental income; cash, trade, quantity time and other discounts; purchase rebates and refunds; parking lot revenues; vending machine commissions or profit; sales from drugs to other than recipients; Medicare part B revenues; and room reservation charges for temporary leave of absence days which are not covered services under section (6) of this regulation. Failure to separately account for any of the foregoing specifically set out previously in this rule in a readily ascertainable manner shall result in termination from the program.

(O) Apportionment of Costs to Medicaid Recipient Residents. A provider's allowable cost areas shall be apportioned between the certified ICF/MR portion and the non-certified portion so that the share borne by the Medicaid program is based upon actual services received by program recipients.

(8) Reporting Requirements

(A) Annual Cost Report

1. Each provider shall establish a twelve (12)-month period which is to be designated as the provider's fiscal year. An annual cost report for the fiscal year shall be submitted by the provider to the department on forms to be furnished for that purpose. The completed forms shall be submitted by each provider within ninety (90) days following the close of its fiscal year.

2. Unless adequate and current documentation in the following areas have previously been filed with the department, authenticated copies of the following documents must be submitted with the cost reports: authenticated copies of all leases related to the activities of the facility; all management contracts and all contracts with consultants.

3. Adequate documentation for all line items on the uniform cost reports must be maintained by the facility and must be submitted to the department upon request.

4. Following the ninety (90)-day period, payments will be withheld from the facility until the cost report is submitted. Upon receipt of a cost report prepared in accordance with these rules, the payments that were withheld will be released.

5. If requested in writing, a thirty (30)-day extension of the filing date may be granted for good cause shown.

6. The termination of or by a provider of participation in the program requires that the provider submit a cost report for the period ending with the date of termination. The cost report is due within forty-five (45) days of the date of termination. Cost reports under this paragraph shall conform to the principles of section (7). The final payment due providers shall be withheld until their cost report is filed.

7. Cost reports shall be based upon the provider's financial and statistical records which must be capable of verification by audit.

8. The annual cost report for the fiscal year of the provider may be subject to audit by the Department of Social Services or its contracted agents.

9. The department shall retain the annual cost report and any working papers relating to the audits of the cost reports for a period of not less than seven (7) full years from the date of submission of the report or completion of the audit.

(B) Certification of Cost Reports

1. The accuracy and validity of any cost report must be certified. Certification must be made by one (1) of the following persons (who must be authorized by the governing body of the facility to make the certification and will furnish proof of authorization): an incorporated entity, an officer of the corporation; for a partnership, a partner; for a sole proprietorship or sole owner, the owner; or for a public facility, the chief administrative officer of the facility. The cost report must also be notarized by a licensed notary public.

2. Certification Statement

Form of Certification

Misrepresentation or falsification of any information contained in this report may be punishable by fine and/or imprisonment under state or federal law.

Certification by officer or administrator of provider:

I hereby certify that I have read the above statement and that I have examined the accompanying Cost Report and supporting schedules prepared by _____ (Provider's Name(s) and number(s)) for the cost report beginning _____ and ending _____, and that to the best of my knowledge and belief, it is a true, correct and complete statement prepared from the books and records of the provider in accordance with applicable instructions, except as noted.

Signature

Title

Date

(C) Adequacy of Records

1. The provider must make available to the department or its duly authorized agent, including federal agents from Department of Health and Human Services, at all reasonable times, such records as are necessary to permit review and audit of provider's cost reports. Failure to do so may lead to sanctions stated in paragraph (8)(A)4. of this rule or other sanctions available in section (9).

2. All records associated with the preparation and documentation of the data associated with the cost report must be retained for seven (7) years from the cost report filing date.

(D) Accounting Basis

1. The cost report submitted must be based on the accrual basis of accounting.

2. Governmental institutions that operate on a cash or modified cash basis of accounting may continue to use those methods, provided appropriate treatment of capital expenditures is made.

(9) Sanctions and Overpayments

(A) Sanctions may be imposed against a provider in accordance with 13 CSR 70-3.030 of the Missouri Code of State Regulations and other federal or state statutes and regulations.

(B) In the case of overpayments, the provider shall repay the overpayment in accordance with the provisions as set forth in 13 CSR 70-3.030.

(10) Payment Assurance

(A) The state will pay each provider, which furnished the services in accordance with the requirements of the state plan, the amount determined for services furnished by the provider according to the standards and methods set forth in these regulations.

(B) Where third party payment is involved, Medicaid will be the payor of last resort with the exception of state programs such as Vocational Rehabilitation and the Missouri Crippled Children's Service. Procedures for remitting third-party payments are provided in the Missouri Medical Assistance program provider manuals.

(11) Provider Participation. Payments made in accordance with the standards and methods described in this rule are designed to enlist participation of a sufficient number of providers in the program so that eligible persons can receive medical care and services included in the state plan at least to the extent these services are available to the general public.

(12) Payment in Full. Participation in the program shall be limited to providers who accept as payment in full for covered services rendered to Medicaid recipients, the amount paid in accordance with these regulations and applicable co-payments.

(13) Plan Evaluation. Documentation will be maintained to effectively monitor and evaluate experience during administration of this plan.

(14) Transition. Cost reports used for the determination of the rates and the historical rate of change shall be adjusted by the Division in accordance with the cost principles provided in this plan.

APPENDIX: ROUTINE COVERED
MEDICAL SUPPLIES AND SERVICES

ABD Pads
A&D Ointment
Adhesive Tape
Aerosol Inhalators, Self-Contained
Aerosol, Other Types
Air Mattresses, Air P.R. Mattresses
Airway-Oral
Alcohol
Alcohol Plasters
Alcohol Sponges
Antacids, Non-legend
Applicators, Cotton-tipped
Applicators, Swab-Eez
Aquamatic K Pads (water-heated pad)
Arm Slings
Asepto Syringes
Baby Powder
Bandages
Bandages-Elastic or Cohesive
Band-aids
Basins
Bed Frame Equipment (for certain immobilized bed patients)
Bed Rails
Bedpan, Fracture
Bedpan, Regular
Bedside Tissues
Benzoin
Bibs
Bottle, Specimen
Canes
Cannula-Nasal
Catheter Indwelling
Catheter Plugs
Catheter Trays

Catheter (any size)
Colostomy Bags
Composite Pads
Cotton Balls
Crutches
"Customized" Crutches, Canes and Wheelchairs
Decubitus Ulcer Pads
Deodorants
Disposable Underpads
Donuts
Douche Bags
Drain Tubing
Drainage Bags
Drainage Sets
Drainage Tubes
Dressing Tray
Dressings (all)
Drugs, Stock (excluding Insulin)
Enema Can
Enema Soap
Enema Supplies
Enema Unit
Enemas
Equipment and Supplies for Diabetic Urine Testing
Eye Pads
Feeding Tubes
Female Urinal
Flotation Mattress or Blowave Mattress
Flotation Pads and/or Turning Frames
Folding Foot Cradle
Gastric Feeding Unit
Gauze Sponges
Gloves, Unsterile and Sterile
Gowns, Hospital
Green Soap
Hand Feeding

Heat Cradle
Heating Pads
Heel Protector
Hot Pack Machine
Ice Bags
Incontinency Care
Incontinency Pads and Pants
Infusion Arm Boards
Inhalation Therapy Supplies
Intermittent Positive Pressure Breathing Machine (IPPB)
Invalid Ring
Irrigation Bulbs
Irrigation Trays
I.V. Trays
Jelly-Lubricating
Laxatives, Non-legend
Lines, Extra
Lotion, Soap and Oil
Male Urinal
Massages (by nurses)
Mathiolate Aerosol
Medical Social Services
Medicine Dropper
Medicine Cups
Mouthwashes
Nasal Cannula
Nasal Catheter
Nasal Catheter, Insertion and Tube
Nasal Gastric Tubes
Nasal Tube Feeding
Nebulizer and Replacement Kit
Needles (various sizes)
Needles-Hypodermic, Scalp, Vein
Non-allergic Tape
Nursing Services (all) Regardless of level including the administration of
oxygen and restorative nursing care